



Makita Corporation

Consolidated Financial Results for the nine months ended December 31, 2021 (IFRS Financial Information)

(English translation of "KESSAN TANSHIN")

originally issued in Japanese)



CONSOLIDATED FINANCIAL RESULTS FOR THE NINE MONTHS ENDED DECEMBER 31, 2021 (Unaudited)

January 31, 2022

Makita Corporation

Stock code: 6586

URL: <https://www.makita.biz/>

Munetoshi Goto, President, Representative Director

1. Summary operating results of the nine months ended December 31, 2021 (From April 1, 2021 to December 31, 2021)

(1) CONSOLIDATED OPERATING RESULTS

	Yen (millions)			
	For the nine months ended December 31, 2020		For the nine months ended December 31, 2021	
		%		%
Revenue	441,184	18.2	546,831	23.9
Operating profit	65,703	29.1	73,233	11.5
Profit before income taxes	65,414	22.9	72,476	10.8
Profit	47,251	21.7	51,819	9.7
Profit attributable to owners of the parent	46,890	21.6	51,355	9.5
Comprehensive income	65,844	113.7	65,327	(0.8)
	Yen			
Profit attributable to Owners of the parent per share				
Basic	172.69		189.13	
Diluted	-		-	

Notes:

- Amounts of less than one million yen have been rounded.
- The table above shows the changes in the percentage ratio of revenue, operating profit, profit before income taxes, profit, profit attributable to owners of the parent, and comprehensive income against the corresponding period of the previous year.

(2) SELECTED CONSOLIDATED FINANCIAL POSITION

	Yen (millions)	
	As of March 31, 2021	As of December 31, 2021
Total assets.....	812,878	902,085
Total equity	663,326	709,938
Equity attributable to owners of the parent.....	657,855	703,915
Ratio of equity attributable to owners of the parent to total assets (%).....	80.9%	78.0%

2. Dividend Information

	Yen	
	For the year ended March 31, 2021	For the year ending March 31, 2022 (Forecast)
Cash dividend per share:		
Interim.....	10.00	10.00
Year-end	59.00	(Note)
Total	69.00	(Note)

Notes:

- The forecast for cash dividend announced formerly has not been revised.
- The projected amount of dividends for the year ending March 31, 2022 has not been determined yet. For further details, refer to "Explanation regarding proper use of business forecast, and other significant matters" on page 2.



3. Consolidated Financial Performance Forecast for the year ending March 31, 2022 (From April 1, 2021 to March 31, 2022)

	Yen (millions)	
	For the year ending March 31, 2022	
		(%)
Revenue	710,000	16.7
Operating profit	90,000	1.7
Profit before income taxes	90,000	3.2
Profit attributable to owners of the parent	65,000	4.8
	Yen	
Profit attributable to owners of the parent per share	239.38	

Notes:

1. The consolidated financial forecast for the year ending March 31, 2022 has been revised.
2. The table above shows the changes in the percentage ratio of revenue, operating profit, profit before income taxes and profit attributable to owners of the parent against the previous year.

4. Other

- (1) Changes in important subsidiaries during the period (Changes in specified subsidiaries accompanied by changes in scope of consolidation during the quarter): None
- (2) Changes in accounting policies and accounting estimates:
 1. Changes in accounting policies required by IFRS: None
 2. Changes in accounting policies other than 1: None
 3. Changes in accounting estimate: None
- (3) Number of shares outstanding (common stock)
 1. Number of shares issued (including treasury stock):

As of December 31, 2021:	280,017,520
As of March 31, 2021:	280,017,520
 2. Number of treasury stock:

As of December 31, 2021:	8,484,933
As of March 31, 2021:	8,490,396
 3. Average number of shares outstanding:

For the nine months ended	
December 31, 2021:	271,530,440
For the nine months ended	
December 31, 2020:	271,523,428

This consolidated financial report is not subject to audit procedures by certified public accountants or an auditing firm.

Explanation regarding proper use of business forecasts, and other significant matters

1. The financial forecast given above is based on information as available at the present time, and includes potential risks and uncertainties. As a consequence of the factors above and other, actual results may vary from the forecasts provided above. Regarding the assumptions for the forecasts and other matters, refer to "SUPPLEMENT INFORMATION (CONSOLIDATED)", "3. Outlook for the fiscal year ending March 31, 2022" on page 4.
2. Makita's basic policy on the distribution of profits is to maintain a consolidated dividend payout ratio of 30% or greater, with a lower limit on annual cash dividends of 10 yen per share. However, in the event special circumstances arise, computation of the amount of dividends will be based on profit attributable to owners of the parent per share after certain adjustments.

The Board of Directors plans to meet in April 2022 for a report on earnings for the year ending March 31, 2022. At the time, in accordance with the basic policy regarding profit distribution mentioned above, the Board of Directors plans to propose a dividend equivalent to at least 30% of profit attributable to owners of the parent. The Board of Directors will submit this proposal to the General Meeting of Shareholders scheduled for June 2022.

The consolidated dividend payout ratio is calculated as annual dividends per share divided by consolidated profit attributable to owners of the parent per share (after adjustments for special circumstances) and multiplied by 100.



SUPPLEMENT INFORMATION (CONSOLIDATED)

1. Overview of operating results

(1) Explanation of Consolidated Operating Results

Looking at the global economic situation during the nine-month period (the “period”) ended December 31, 2021, economic and social recovery progressed chiefly in developed countries with the widespread use of COVID-19 vaccines. The outlook for the future remains uncertain, however, with shortages and rising prices due to supply chain disruptions, as well as the resurgence of new cases caused by coronavirus variants.

Our consolidated revenue for this period increased by 23.9% to 546,831 million yen compared with the same period of the previous year with strong sales both in Japan and overseas. Operating profit also increased by 11.5% to 73,233 million yen (operating profit ratio: 13.4%) owing to the increase in revenue, although costs increased due to soaring transportation costs. Profit before income taxes increased 10.8% year-on-year to 72,476 million yen (profit before income taxes ratio: 13.3%), and profit attributable to owners of the parent increased 9.5% to 51,355 million yen (ratio of profit attributable to owners of the parent: 9.4%).

Revenue results by region were as follows:

In Japan, sales of both power tools and outdoor power equipment, particularly lithium-ion battery products, were strong and increased by 6.3% year on year to 88,800 million yen.

In Europe, while stay-at-home demand slowed down, demand for tools at active building and construction sites and sales of cordless outdoor power equipment continued to be strong, resulting in an increase in sales of 27.7% year on year to 261,554 million yen.

In North America, sales of power tools accompanied by strong housing demand and sales of cordless outdoor power equipment were strong, resulting in an increase in sales of 21.7% year on year to 80,614 million yen.

In Asia, COVID-19 cases increased again in various regions affecting our sales activities, but sales in China and Taiwan were strong, resulting in an increase in sales of 23.2% year on year to 35,888 million yen.

In Central and South America, inflation accelerated in many countries; however, sales activities to capture solid demand for tools resulted in an increase in sales of 49.8% year-on-year to 31,515 million yen.

In Oceania, sales increased by 31.7% year on year to 38,317 million yen due to strong demand for tools at building and construction sites despite the impact of lockdowns due to the resurgence of new cases of infection in major cities.

In the Middle East and Africa, sales increased by 37.2% year on year to 10,143 million yen as the demand for tools at building and construction sites in each country was captured although unstable political and economic conditions continued.

(2) Explanation of Consolidated Financial Position

Total assets as of December 31, 2021 increased by 89,207 million yen to 902,085 million yen compared to the balance as of March 31, 2021. This increase was mainly due to the rise in “Inventories” and “Property, plant and equipment.”

Total liabilities increased by 42,595 million yen to 192,147 million yen compared to the balance as of March 31, 2021. This increase was mainly due to the rise in “Borrowings” and “Trade payables and other payables.”

Total equity increased by 46,612 million yen to 709,938 million yen compared to the balance as of March 31, 2021. This increase was mainly due to the rise in “Retained earnings.”



(3) Outlook for the fiscal year ending March 31, 2022

We have revised our consolidated financial forecast because sales in the period were stronger than expected in response to demand for tools at building and construction sites. Meanwhile, we have left its previous forecast for profits unchanged, considering the impact of soaring transportation costs, etc.

Revised forecast for consolidated performance of the fiscal year ending March 31, 2022 (From April 1, 2021 to March 31, 2022)

	Yen (millions)				Yen
	Revenue	Operating profit	Profit before income taxes	Profit attributable to owners of the parent	Profit attributable to owners of the parent per share (Basic)
Forecast announced previously (A)	690,000	90,000	90,000	65,000	239.38
Revised forecast (B)	710,000	90,000	90,000	65,000	239.38
Changes (B-A)	20,000	0	0	0	-
Percentage change	2.9%	0.0%	0.0%	0.0%	-
Actual results for the previous year ended March 31, 2021	608,331	88,464	87,199	62,018	228.41

The above earnings forecast is based on the premise that economic activities will not stagnate again due to restrictions imposed by government following the rebound of the COVID-19 outbreak. The exchange rates assumed for the business forecast are as follows;

[Preconditions]

The above forecast is based on the assumption of exchange rates of 110 yen to the U.S. dollar, 125 yen to the euro and 17.5 yen to the renminbi for the remaining three months period ending March 31, 2022.

The above forecast is based on the assumption of exchange rates of 111 yen to the U.S. dollar, 129 yen to the euro and 17.3 yen to the renminbi for the year ending March 31, 2022.

[Reference]

The exchange rates for previously announced forecasts that we announced on October 28, 2021 were 110 yen to the U.S. dollar, 130 yen to the euro and 17.1 yen to the renminbi for the year ending March 31, 2022.

Note: The above forecast is based on information as available at the present time, and includes potential risks and uncertainties. As a consequence of the factors such as COVID-19 infection status, actual results may vary from the forecast provided above.



2. Consolidated Financial Statements (Unaudited)

(1) Consolidated Statement of Financial Position

	Yen (millions)			
	As of March 31, 2021		As of December 31, 2021	
		Composition ratio		Composition ratio
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	148,640		82,083	
Trade receivables and other receivables.....	95,691		93,450	
Inventories	267,547		413,282	
Other financial assets	18,227		6,927	
Other current assets.....	10,223		15,543	
Total current assets	<u>540,328</u>	66.5%	<u>611,285</u>	67.8%
NON-CURRENT ASSETS:				
Property, plant and equipment, at cost	189,366		226,685	
Goodwill and intangible assets	9,364		9,927	
Other financial assets	51,011		30,603	
Retirement benefit asset.....	10,685		10,425	
Deferred income taxes	8,860		10,081	
Other non-current assets	3,264		3,079	
Total non-current assets	<u>272,550</u>	33.5%	<u>290,800</u>	32.2%
Total assets.....	<u>812,878</u>	100.0%	<u>902,085</u>	100.0%

	Yen (millions)			
	As of March 31, 2021		As of December 31, 2021	
		Composition ratio		Composition ratio
LIABILITIES AND EQUITY				
LIABILITIES				
CURRENT LIABILITIES:				
Trade payables and other payables.....	59,792		75,235	
Borrowings	2,612		22,899	
Other financial liabilities.....	4,080		4,277	
Income taxes payable.....	11,218		9,659	
Provisions	3,665		3,990	
Other current liabilities	40,431		45,652	
Total current liabilities.....	<u>121,798</u>	15.0%	<u>161,712</u>	17.9%
NON-CURRENT LIABILITIES:				
Retirement benefit liability.....	3,406		3,469	
Other financial liabilities.....	11,764		13,901	
Provisions	1,421		1,473	
Deferred income taxes	10,954		11,388	
Other non-current liabilities.....	209		204	
Total non-current liabilities.....	<u>27,754</u>	3.4%	<u>30,435</u>	3.4%
Total liabilities	<u>149,552</u>	18.4%	<u>192,147</u>	21.3%
EQUITY				
Common stock.....	23,805		23,805	
Additional paid-in capital	45,559		45,577	
Retained earnings.....	588,644		626,401	
Treasury stock, at cost.....	(11,543)		(11,540)	
Other components of equity.....	11,390		19,672	
Total equity attributable to owners of the parent	<u>657,855</u>	80.9%	<u>703,915</u>	78.0%
NON-CONTROLLING INTEREST	<u>5,471</u>	0.7%	<u>6,023</u>	0.7%
Total equity	<u>663,326</u>	81.6%	<u>709,938</u>	78.7%
Total liabilities and equity	<u>812,878</u>	100.0%	<u>902,085</u>	100.0%



(2) Consolidated Statements of Profit or Loss and Consolidated Statements of Comprehensive Income

Consolidated Statements of Profit or Loss

	Yen (millions)			
	For the nine months ended December 31, 2020		For the nine months ended December 31, 2021	
	Composition ratio		Composition ratio	
REVENUE.....	441,184	100.0%	546,831	100.0%
Cost of sales.....	(293,145)	(66.4%)	(373,110)	(68.2%)
GROSS PROFIT.....	148,039	33.6%	173,721	31.8%
Selling, general, administrative and others, net.....	(82,336)	(18.7%)	(100,488)	(18.4%)
OPERATING PROFIT.....	65,703	14.9%	73,233	13.4%
Financial income.....	1,588		1,599	
Financial expenses.....	(1,877)		(2,356)	
PROFIT BEFORE INCOME TAXES.....	65,414	14.8%	72,476	13.3%
Income tax expenses.....	(18,163)		(20,657)	
PROFIT.....	47,251	10.7%	51,819	9.5%
Profit attributable to:				
Owners of the parent.....	46,890	10.6%	51,355	9.4%
Non-controlling interests.....	361	0.1%	464	0.1%

Consolidated Statements of Comprehensive Income

	Yen (millions)	
	For the nine months ended December 31, 2020	For the nine months ended December 31, 2021
PROFIT.....	47,251	51,819
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX		
Items that will not be reclassified to profit (loss)		
Equity financial goods measured at fair value through other comprehensive income (loss).....	7,114	(1,702)
Total of items that will not be reclassified to profit (loss).....	7,114	(1,702)
Items that may be reclassified to profit (loss)		
Exchange differences on translating foreign operations.....	11,479	15,210
Total of items that may be reclassified to profit (loss).....	11,479	15,210
Total other comprehensive income (loss), net of tax.....	18,593	13,508
COMPREHENSIVE INCOME.....	65,844	65,327
Comprehensive income attributable to:		
Owners of the parent.....	65,295	64,775
Non-controlling interests.....	549	552



(3) Consolidated Statement of Changes in Equity

Yen (millions)								
For the nine months ended December 31, 2020								
	Equity attributable to owners of the parent						Non-Controlling interest	Total equity
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Other components of equity	Total		
Balance at April 1, 2020	23,805	45,531	540,063	(11,554)	(26,570)	571,275	4,473	575,748
Profit for the period			46,890			46,890	361	47,251
Other comprehensive income					18,405	18,405	188	18,593
Comprehensive income	-	-	46,890	-	18,405	65,295	549	65,844
Dividends paid			(14,390)			(14,390)		(14,390)
Purchase of treasury stock				(1)		(1)		(1)
Share-based payment transaction		17		15		32		32
Total amounts of transactions with owners	-	17	(14,390)	14	-	(14,359)	-	(14,359)
Balance at December 31, 2020	23,805	45,548	572,563	(11,540)	(8,165)	622,211	5,022	627,233

Yen (millions)								
For the nine months ended December 31, 2021								
	Equity attributable to owners of the parent						Non-Controlling interest	Total equity
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Other components of equity	Total		
Balance at April 1, 2021	23,805	45,559	588,644	(11,543)	11,390	657,855	5,471	663,326
Profit for the period			51,355			51,355	464	51,819
Other comprehensive income					13,420	13,420	88	13,508
Comprehensive income	-	-	51,355	-	13,420	64,775	552	65,327
Dividends paid			(18,736)			(18,736)		(18,736)
Purchase of treasury stock				(6)		(6)		(6)
Share-based payment transaction		18		9		27		27
Transfer from other components of equity to retained earnings			5,138		(5,138)	-		-
Total amounts of transactions with owners	-	18	(13,598)	3	(5,138)	(18,715)	-	(18,715)
Balance at December 31, 2021	23,805	45,577	626,401	(11,540)	19,672	703,915	6,023	709,938



(4) Consolidated Statements of Cash Flows

	Yen (millions)	
	For the nine months ended December 31, 2020	For the nine months ended December 31, 2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit	47,251	51,819
Depreciation and amortization	11,863	15,038
Income tax expenses	18,163	20,657
Financial income and expenses	289	757
Loss (gain) on sales and retirement of property, plant and equipment	351	202
Decrease (increase) in trade receivables and other receivables	(7,807)	3,828
Decrease (increase) in inventories	(8,666)	(137,443)
Increase (decrease) in trade payables and other payables	20,110	12,348
Increase in retirement benefit asset and liabilities	240	198
Decrease (increase) in guarantee deposits	-	(1,119)
Other	(2,034)	(775)
Subtotal	79,760	(34,490)
Dividends received	674	738
Interest received	566	332
Interest paid	(259)	(454)
Income taxes paid	(13,783)	(23,115)
Cash flows from operating activities	66,958	(56,989)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of non-current assets	(36,219)	(45,410)
Proceeds from sales of non-current assets	50	654
Purchase of investments	(1,490)	(200)
Proceeds from sales and redemption of investments	6,132	18,065
Payments into time deposits	(38,093)	(8,111)
Proceeds from withdrawal of time deposits	38,731	21,377
Other	103	376
Cash flows from investing activities	(30,786)	(13,249)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase (decrease) in short-term borrowings	(7,118)	20,211
Purchase and sales of treasury stock, net	(1)	(6)
Cash dividends paid	(14,390)	(18,736)
Repayments of lease obligations	(2,160)	(2,870)
Other	31	22
Cash flows from financing activities	(23,638)	(1,379)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	2,735	5,060
NET CHANGE IN CASH AND CASH EQUIVALENTS	15,269	(66,557)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD ...	143,439	148,640
CASH AND CASH EQUIVALENTS, END OF PERIOD	158,708	82,083



(5) Notes to Consolidated Financial Statements

Notes on the assumptions for a going concern: None

Operating Segment Information

	Yen (millions)							
	For the nine months ended December 31, 2020							
	Japan	Europe	North America	Asia	Total	Other	Eliminations	Consolidated
Revenue:								
External customers	96,731	205,898	67,459	18,713	388,801	52,383	-	441,184
Inter-segment	177,676	8,038	2,879	190,627	379,220	432	(379,652)	-
Total	<u>274,407</u>	<u>213,936</u>	<u>70,338</u>	<u>209,340</u>	<u>768,021</u>	<u>52,815</u>	<u>(379,652)</u>	<u>441,184</u>
Operating profit	21,860	21,149	2,911	18,144	64,064	2,702	(1,063)	65,703

	Yen (millions)							
	For the nine months ended December 31, 2021							
	Japan	Europe	North America	Asia	Total	Other	Eliminations	Consolidated
Revenue:								
External customers	105,346	263,363	82,364	23,087	474,160	72,671	-	546,831
Inter-segment	281,513	14,190	4,387	301,566	601,656	379	(602,035)	-
Total	<u>386,859</u>	<u>277,553</u>	<u>86,751</u>	<u>324,653</u>	<u>1,075,816</u>	<u>73,050</u>	<u>(602,035)</u>	<u>546,831</u>
Operating profit	24,351	31,574	822	14,486	71,233	7,874	(5,874)	73,233



3. SUPPORT DOCUMENTATION (CONSOLIDATED)

(1) Consolidated Financial Results and Forecast

	Yen (millions)			
	For the nine months ended December 31, 2020		For the nine months ended December 31, 2021	
		(%)		(%)
Revenue	441,184	18.2	546,831	23.9
Domestic	83,515	11.3	88,800	6.3
Overseas	357,669	19.9	458,031	28.1
Operating profit	65,703	29.1	73,233	11.5
Profit before income taxes	65,414	22.9	72,476	10.8
Profit attributable to owners of the parent	46,890	21.6	51,355	9.5
Profit attributable to owners of the parent per share (Yen)	172.69		189.13	
Number of Employees	18,279		19,925	

	Yen (millions)			
	For the year ended March 31, 2021		For the year ending March 31, 2022 (Forecast)	
		(%)		(%)
Revenue	608,331	23.5	710,000	16.7
Domestic	113,048	12.3	117,000	3.5
Overseas	495,283	26.4	593,000	19.7
Operating profit	88,464	38.1	90,000	1.7
Profit before income taxes	87,199	32.1	90,000	3.2
Profit attributable to owners of the parent	62,018	29.9	65,000	4.8
Profit attributable to owners of the parent per share (Yen)	228.41		239.38	
Number of Employees	18,624		-	

Notes:

1. Please refer to [SUPPLEMENT INFORMATION (CONSOLIDATED)] “(3) Outlook for the fiscal year ending March 31, 2022” on page 4.
2. The table above shows the changes in the percentage ratio of revenue, operating profit, profit before income taxes, and profit attributable to owners of the parent compared to the corresponding period of the previous year.



(2) Consolidated Revenue by Geographic Area

	Yen (millions)					
	For the nine months ended December 31, 2020		For the nine months ended December 31, 2021		For the year ended March 31, 2021	
		(%)		(%)		(%)
Japan.....	83,515	11.3	88,800	6.3	113,048	12.3
Europe.....	204,794	25.6	261,554	27.7	282,725	30.8
North America	66,224	18.5	80,614	21.7	90,945	25.8
Asia.....	29,127	(4.2)	35,888	23.2	39,331	0.9
Central and South America	21,032	5.0	31,515	49.8	29,403	13.1
Oceania	29,101	34.1	38,317	31.7	41,304	45.3
The Middle East and Africa	7,391	3.5	10,143	37.2	11,575	16.1
Total.....	441,184	18.2	546,831	23.9	608,331	23.5

Notes:

1. The table above sets forth Makita's consolidated revenue by geographic area based on the customer's location for the periods presented. Accordingly, it differs from "Operating Segment Information" on page 10.
2. The table above shows the changes in the percentage ratio of revenue compared to the corresponding period of the previous year.

(3) Exchange Rates

	Yen			
	For the nine months ended December 31, 2020	For the nine months ended December 31, 2021	For the year ended March 31, 2021	For the year ending March 31, 2022 (Forecast)
USD/JPY	106.11	111.14	106.10	111
EUR/JPY	122.44	130.60	123.76	129
RMB/JPY.....	15.45	17.26	15.68	17.3

(4) Production Ratio (unit basis)

	For the nine months ended December 31, 2020	For the nine months ended December 31, 2021	For the year ended March 31, 2021
	Composition ratio	Composition ratio	Composition ratio
Domestic.....	7.6%	7.1%	7.7%
Overseas.....	92.4%	92.9%	92.3%

(5) Consolidated Capital Expenditures, Depreciation and Amortization, and R&D cost

	Yen (millions)			
	For the nine months ended December 31, 2020	For the nine months ended December 31, 2021	For the year ended March 31, 2021	For the year ending March 31, 2022 (Forecast)
Capital expenditures	36,219	45,410	49,855	75,000
Depreciation and amortization...	10,026	12,569	13,881	16,200
R&D cost.....	9,447	10,433	12,783	14,500